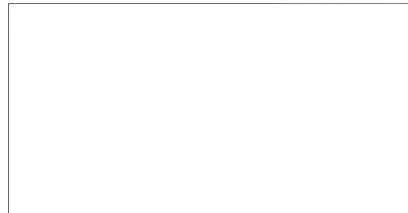


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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 29 August 1978 CG NIDC 78/202

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions



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State Dept. review
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CIA LATE ITEM

PORTUGAL: New Government

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Portuguese President Eanes officially appointed Alfredo Nobre da Costa Prime Minister yesterday. The cabinet of independent technocrats will be sworn in today, temporarily eclipsing party government in Portugal. Outgoing Prime Minister Mario Soares, whose Socialists have dominated the government since 1976, may try to trigger a rejection of the new government's program to prevent Nobre da Costa from taking office. More likely, Soares will consent to a weak, transitional government as preparations for early elections and a return to party rule continue. President Eanes has higher hopes for the new government and will attempt to keep his hand-picked Prime Minister in office until scheduled elections are held in 1980.

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As Prime Minister, Nobre da Costa's major goal is to advance economic recovery while avoiding the kind of crippling party squabbles that led to the collapse of Portugal's promising Socialist - Center Democratic alliance last month. His cabinet is accordingly nonpartisan and emphasizes administrative and technical skills over political experience. The 16-member team includes seven engineers, three Army officers, two economists, two university professors, and two lawyers. Socialist spokesmen have disparagingly dubbed it a "corporate board of directors."

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The Finance Ministry will be in the hands of Silva Lopes, the former governor of the Bank of Portugal who is expected to continue the previous government's anti-inflationary austerity policies. Firmino Miguel, who continues on as Defense Minister, is the cabinet's only other figure of national stature.

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Overall, the government appears to be center-right, though Nobre da Costa may have found some balance by giving reputed leftists the foreign affairs, labor, and social affairs portfolios. The leftist credentials of Foreign Minister Correia Gago and the others, however, are suspect.

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Whatever the new government's policies, most observers are betting that its only partly intentional divorce from the political parties will bring it down within six months.

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[redacted] //Nobre da Costa's first test will come when he submits his program for legislative review, as he must do within 10 days.

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[redacted] Conservative parties are also under strong pressure to distance themselves from the government so as not to appear to sanction a non-party government--or to alienate the powerful Socialists.

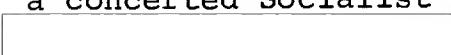
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[redacted] //The Center Democrats are under the strongest pressure to support the government. Nobre da Costa has demonstrated intentions to redress their longstanding grievances concerning agriculture policies and repay their constituents for property losses incurred during the revolution. Furthermore, President Eanes stood by them in their government-rending dispute with the Socialists. Social Democrats, who felt somewhat excluded in the President's efforts to find new government, will be more inclined to abstain.//

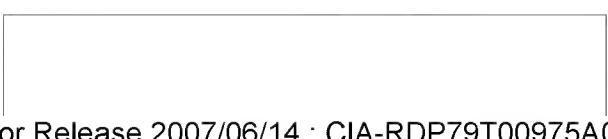
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[redacted] Eanes clearly wants to see the government last until 1980. Even as the country's most popular political figure, however, there is little he could do to save Nobre da Costa from a concerted Socialist opposition.

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National Intelligence Daily Cable for Tuesday, 29 August 1978.

The NID Cable is for the purpose of informing senior US officials.

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[redacted]

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LEBANON: Fighting Spreads

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[redacted] Fighting resumed between Syrian troops and Christian militiamen in Beirut yesterday, while in northern Lebanon Syrian forces have seized several Christian villages.

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[redacted] Clashes between the Syrians and the Christians erupted in Beirut late in the day. Both sides used small arms, and the Syrians employed tanks and artillery to counter Christian mortar fire. It is unclear what sparked the fighting, but it probably resulted from the tension produced by the clashes in the north over the weekend.

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[redacted] The Phalangist radio reported yesterday that the Syrians were shelling Bsharri--a Phalangist mountain stronghold, but Damascus announced last night that the Syrians had completed their operations in the north.

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[redacted] We agree with the US Embassy in Beirut that neither the Syrian nor the Phalangist leadership deliberately sought the hostilities in the north, which grew out of internecine Christian feuding.

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[redacted] The Syrians have nevertheless taken advantage of the situation to improve their position in the north considerably, and this has increased tension throughout the country. Both sides have been expecting the other to provoke a crisis before the Camp David summit begins.

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[redacted] Lebanese Foreign Minister Butrus traveled to Syria yesterday to meet with President Assad. Assad probably wants to prevent the new fighting in Beirut from getting out of hand because it again risks Israeli intervention on behalf of the Christians. Most Christian leaders probably want to avoid a major round of bloodletting in the city, but extremist Christians may try to aggravate the situation in an effort to drag in the Israelis.

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[redacted] If the fighting in Beirut is not brought under control soon, however, the Syrians may decide to abandon their tactic of shelling the Christian quarter and try for a quick military victory. [redacted]

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ZAMBIA: Election Preparations

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[redacted] //The announcement by two Zambian political figures that they intend to run for president against President Kaunda has raised the political temperature in Zambia. Although Kaunda seems almost certain to win reelection, his opponents are seeking to exploit popular discontent over Zambia's economic problems and Kaunda's preoccupation with the Rhodesian situation. These charged political conditions are likely to persist at least until after the vote, expected to take place in October.//

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[redacted] //Simon Kapwepwe and Harry Nkumbula, as well as an obscure businessman, plan to vie for the ruling United National Independence Party's nomination for president at a conference of 6,000 party delegates on 9 September. Under Zambia's one-party system, only one candidate for president can be presented to the electorate.//

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[redacted] Zambian voters can cast negative ballots in the presidential election, but Kaunda is likely to gain a majority of "yes" votes. Dissatisfaction with the government, however, could cause a low voter turnout or an embarrassingly high negative vote against Kaunda.

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[redacted] Kapwepwe and Nkumbula were leaders along with Kaunda in Zambia's struggle for independence. Because each represents one of the country's major tribal groups, their candidacies

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are aggravating tribal divisions within the country. Kaunda, on the other hand, draws broader national support; his family came from outside Zambia, and he is not identified with any one tribe. Kapwepwe is nevertheless a threat because he represents the Bemba-speakers, who constitute about 35 percent of the population.

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[redacted] //Kapwepwe is trying to capitalize on widespread discontent over the economy by promising to give priority to economic reconstruction and less attention to "international politics"--a reference to Kaunda's involvement in the Rhodesian problem. He has also echoed suggestions made by other critics of Kaunda by stating that he would boost the economy by reopening the border with Rhodesia and trading with South Africa despite disagreeing with the policies of the governments of those countries.// [redacted]

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NICARAGUA: Arrests Confirmed

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[redacted] Nicaraguan President Somoza has confirmed the arrests of National Guard officers and enlisted men for coup plotting, but he apparently remains confident of his hold on power. The reports of military dissatisfaction may nonetheless strengthen the belief of some within the opposition that they have Somoza on the run.

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[redacted] According to the President's son, a major in the Guard, the plot involved 12 to 15 officers and 40 to 50 enlisted men, primarily from the engineer battalion and the Air Force. Major Somoza believes the plotters were in contact with the broad-based anti-Somoza coalition that called the national strike for this week. The fact that they were not connected with combat troops justifies to some extent the President's confidence that his position remains secure.

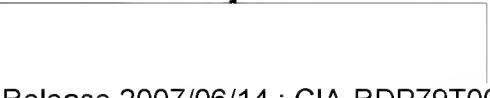
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[redacted] Somoza told a US official that he had been monitoring for some time the activities of those arrested. This claim is supported by earlier reporting and seems credible because of the President's system of close checks and balances within the military.

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[redacted] Meanwhile, the fourth day of the opposition's general strike was apparently inconclusive. Most businesses in Managua were open, but the strike was more effective in the provinces, where there was scattered violence, including several reported deaths. [redacted]

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ARGENTINA-CHILE: Beagle Channel

25X1 [redacted] Argentina and Chile are still seeking a diplomatic solution to their longstanding dispute over the Beagle Channel, despite a temporary breakdown in negotiations earlier this month. Although hotheads on either side could provoke an incident, both countries seem to prefer a peaceful resolution of the issue.

25X1 [redacted] In recent weeks, the Beagle Channel question has received increasing public attention, and there has been much saber-rattling in both capitals. Last week, the Argentine Foreign Ministry publicly condemned Chile's decision to halt the talks as "violating the spirit of the negotiations." At the same time, Argentine military leaders announced that they had discussed security and strategy regarding the dispute. Both countries have also reinforced military units in the area.

25X1 [redacted] There is, however, no evidence that either side is eager to initiate hostilities, and there are reports that the talks may resume soon. The increase in tough talk and provocative actions nevertheless bring a sense of urgency that could complicate renewed discussions and even precipitate a military incident. [redacted]

CHINA: Rejuvenation of S&T System

25X1 [redacted] China has apparently made considerable progress in recent months in improving its administrative system for science and technology. Vice Premier Fang I, head of the State Scientific and Technological Commission, called in March for a "nationwide scientific and technological research system." Since March, there has been a flurry of activity to implement Fang's guidance.

25X1 [redacted] Administrative and structural reorganizations intended to improve the science system have occurred in the Academy of Sciences and the universities; some of the scholarly societies disbanded during the Cultural Revolution have been reactivated. Personnel in these organizations have been shuffled to give more authority to professional scientists. Researchers are being assured that they will not be burdened by political meetings, that they will direct their own research, and that they will receive recognition for their work.

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[redacted]

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[redacted] Many scientists in factories, universities, and institutes have been promoted. Provincial and municipal conferences bringing together scientific and technical personnel to discuss planning and administration have been held in at least 14 provinces. Two of the country's major newspapers have instituted science sections, and lectures on scientific subjects have been given to provincial cadre. [redacted]

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NAMIBIA: Shipanga's Return

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[redacted] //The return of nationalist leader Andreas Shipanga to Namibia last Saturday could trigger a realignment of political forces within the territory and could deepen the split in the leadership of the South-West Africa People's Organization.//

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[redacted] //A disaffected former SWAPO information minister, Shipanga had been in Western Europe since he and 10 of his followers were released from detention in Tanzania in May. In an effort to establish himself as a middle-of-the-road independent, Shipanga has formed a new party--the SWAPO Democrats--and hopes to attract support from both sides of the political spectrum.//

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[redacted] //The biggest question he faces, however, is whether he can garner backing from his fellow Ovambo tribesmen, who constitute about half of the Namibian population. [redacted]

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[redacted] //Immediately upon his return, Shipanga called for the release of SWAPO members now detained in Zambia and South Africa. He believes most of them will support his cause. Shipanga asserts that SWAPO is holding 1,800 of its disaffected members in three camps in Zambia, but SWAPO's exiled leadership denies the charges.//

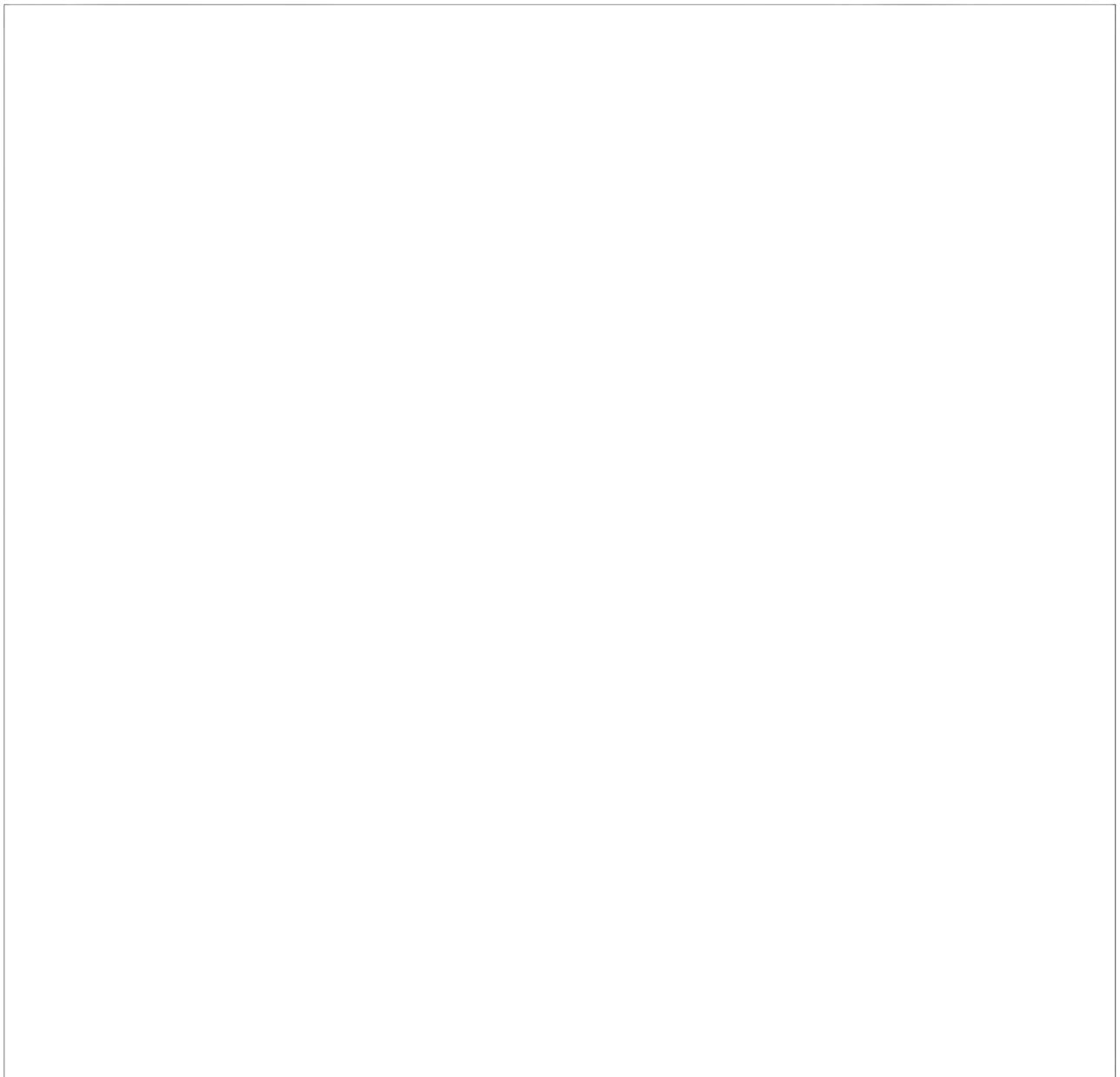
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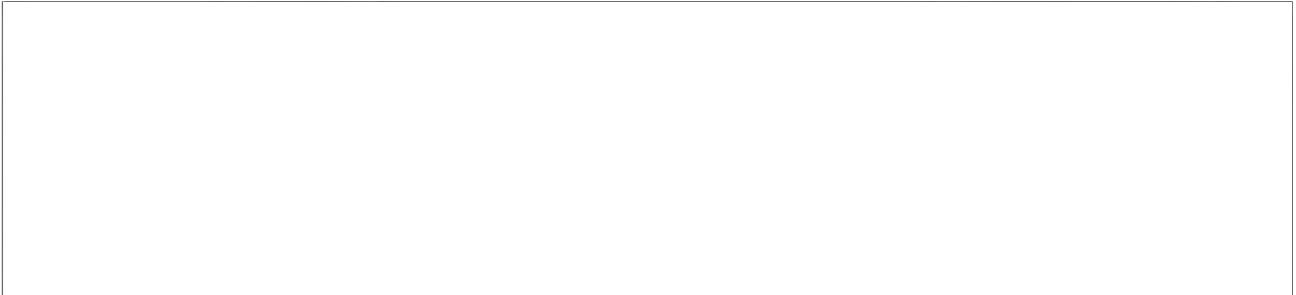
[redacted] //Shipanga doubtless also hopes to capitalize on differences between SWAPO's internal wing and its exiled leadership. Members of the internal wing appear more committed to resolving the Namibian problem by peaceful means, primarily because they are well known locally and in a much better position to compete in territory-wide elections.//

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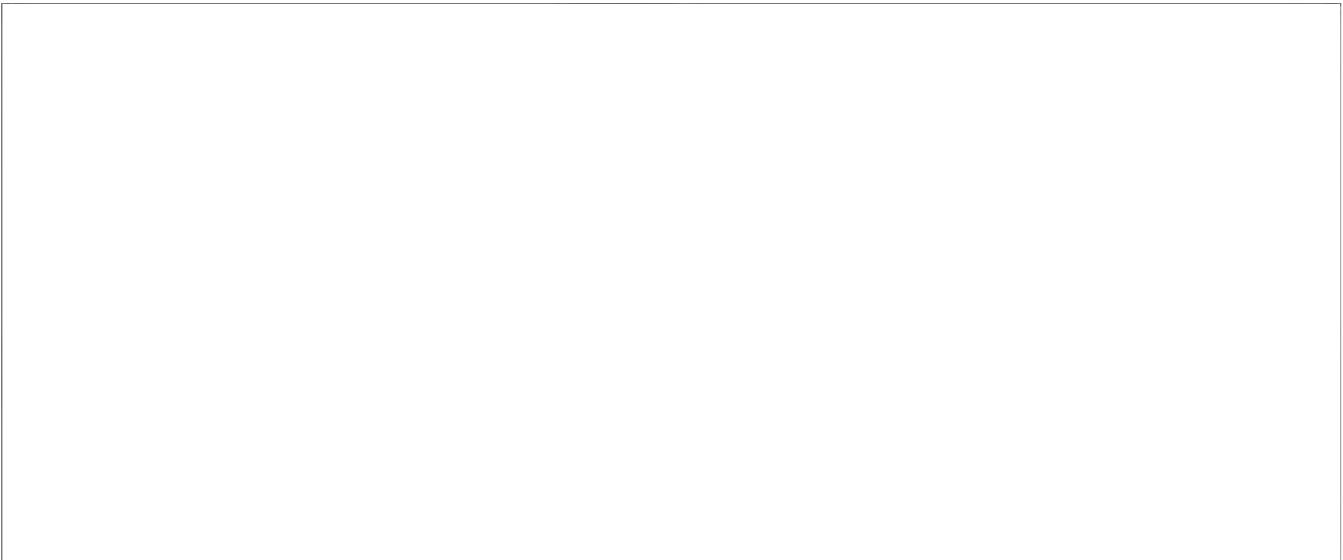


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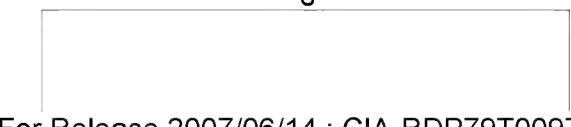
Spain

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Three terrorist attacks on policemen in three regions of northern Spain yesterday morning were clearly aimed at provoking the government, the police, or even the military into overreacting. The attacks--which occurred almost simultaneously in Catalonia, the Basque region, and Galicia--left three policemen dead.

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Coordinated terrorist action on this scale is unprecedented and could indicate the participation of more than one terrorist organization. There are persistent rumors that the leftist group GRAPO cooperated with the Basque Fatherland and Liberty Organization in the assassination last month of two military officers in Madrid.

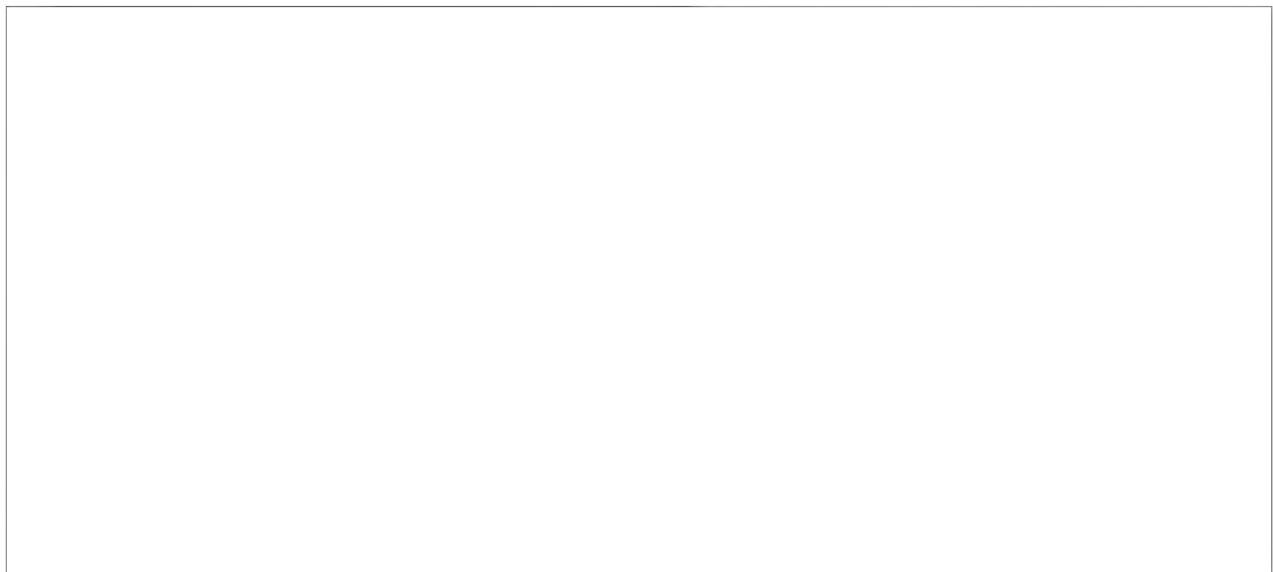


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If these two organizations have joined forces, they could expand the terrorist battlefield from the Basque region to Madrid and Barcelona. This could cause the military--already on edge because of the recent wave of violence in Pamplona and the assassinations in Madrid--to press the government to crack down, making an accommodation with the Basques on the new constitution even more difficult. 25X1 25X1



USSR-US

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Soviet troops on board a train yesterday fired on a tour car carrying personnel from the US Military Liaison Mission in Potsdam, East Germany. Four of the 10 rounds fired hit the vehicle but the Mission personnel were not injured. The incident occurred about 60 kilometers northwest of Berlin. The Mission has recommended that the Chief of Staff, US Army in Europe, protest the incident to the Chief of Staff, Group of Soviet Forces, Germany. 25X1

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